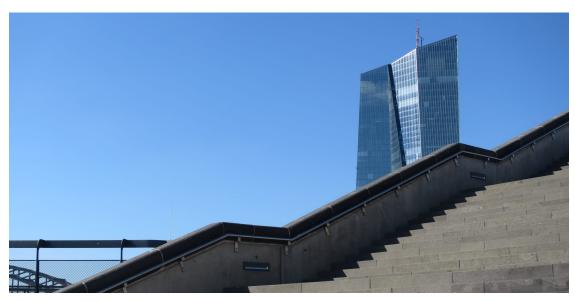☰

BENJAMIN LOZANO   2017-09-04

ECONOMY OF THE WAR MACHINE (PART III OF IV)

ECONOFICTION   CAPITAL, DELEUZE, DELEUZE/GUATTARI, FINANCE, FLOW, LINE, MACHINES, MARXISM, SEGMENT, WAR MACHINE

Part III. The Economic Concept of Ordinal Value in Chapter 9

Socially-necessary labor time, supply and demand, marginal utility, putative or nominal price, risk-weighted interest rates, or some combination of the above: what do all of these conceptions of the determinates of value share in common? In short, they are *cardinal theories of value*. And as such, according to D&G they are not so much completely wrong as they are both ordinary and partial and not general enough. Against a theory of cardinal value D&G advocate the concept of ordinal value, the latter of which always emanates between the flows of quanta, around singularities, and are only then metricized as segments and lines of, for instance, rates of return on labor or on capital, spreads between supply and demand, nominal and real interest rates, and so on. The economic indices of cardinal values differentiate from out of ordinal value, but then exogenously feed back into it, perpetually remaking the latter's vacant interiority. This is the concept of ordinal value sketched by D&G in Chapter 9.

We said in Part I that our first concern is to familiarize ourselves with the complex of technical terms culled by D&G, then developed and deployed in the service of their project. Of course D&G's project is neither exclusively nor first and foremost economic, nor political economic, as is ours herein –albeit as we have already begun to see, it is readily tailored to these concerns. Because D&G's broad intention in *TP* is to inaugurate a new method of doing social science now definitively under the umbrella of conceptual resources endemic to dynamical systems theory, and insofar as political economy includes itself under the social scientific wager on the commensurability of its discourses, we can both exposit the concepts developed and deployed in Chapter 9 at the same time that we tailor our exposition of these technically-rigorous if highly-novel conceptual resources to our own task at hand.

Example (part I of II)

Let's head straight away to the example used by D&G to illustrate the dynamics of ordinal value. Then we'll back our way out to elaborate the concepts involved therein.

At this point in the text D&G have just asserted that 'every society', 'every individual' –and thus by implication and importantly for

us *every economy*– are simultaneously 'plied' by two modes of segmentarity: 'one molar, the other molecular'; and that there is a 'double reciprocal dependency between them.'[1] The molar, which we will elaborate in depth below, is macroeconomic – rigid, veridical, Euclidean, arborescent. The molecular, which we will also elaborate in depth below, is microeconomic –fungible, horizontal, topological, rhizomatic.

D&G observe:

'[T]he words "line" and "segment" should be reserved for molar organization, and other, more suitable words should be sought for molecular composition. And in fact, whenever we can identify a well-defined *segmented line*, we notice that it continues in another form, as a *quantum flow*. And in every instance we can locate a "power center" at the border between the two, defined not by an absolute exercise of power within its domain but by the relative adaptions and conversions it effects between the line and the flow.'

For example, D&G say:

'Take a monetary flow with segments. These *segments* can be defined from several points of view, for example, from the viewpoint of a corporate budget (real wages, net profit, management salaries, interests on assets, reserves, investments, etc.).'

So this is D&G's example, from which we derive their concept of ordinal value: their example here is 'a monetary flow' –*cash flow, the flow of money, the distribution of money*. And the 'points of view' from which one 'defines' its rigid segmentarities are, in other words and to begin with, the metrics recorded in any economic accounting report when attempting to account for, as in numerically-register or measure, a given value. These are the lines and segments, the stratified, striated metrics of the flow of money.[2]

However, they then clarify:

'[T]his line of payment-money is linked to another aspect, namely, the flow of financing-money, which has not segments, but rather *poles*, *singularities*, and *quanta* (the poles of the flow are the creation of money and its destruction; the singularities are nominal liquid assets; the quanta are inflation, deflation, and stagflation, etc.). This has led some to speak of a "mutant convulsive, creative and circulatory flow" tied to desire and always subjacent to the solid *line* and its *segments* determining interest rates and supply and demand.'[3]

The poles and quanta and singularities –these comprise the mutant molecular dynamics of the flow of money, which as D&G put it 'link' the metricized flows of 'payment-money' to the more fungible, anexact, and topological flows of 'financing-money'. And then this last line in the above quote is crucial: the molecular composition of the flow of money is 'subjacent to', *viz.* it underlies or lies just below the surface of the lines and segments that *determine* interest rates, generative tensions between supply and demand, and so on –the latter of which are, in other words, the extensive determinates of value, the value-form, or what D&G regard as cardinal value.

Molecular flows, then, are every bit as real as the metrics of the molar, it's only that they are 'subjacent' to it. The molecular comprises *'a mutant convulsive, creative and circulatory flow tied to desire and always subjacent to'* the molar determinates of *cardinal value.* It is strictly speaking not actual, but is every bit as real.

And so lastly:

'When we talk about banking power, concentrated most notably in the central banks, it is indeed a question of the relative power to regulate "as much as" possible the communication, conversion, and coadaptation of the two parts of the circuit. That is why power centers are defined much more by what escapes them or by their impotence than by their zone of power. In short, the molecular, or microeconomics…is defined not by the smallness of its elements but by the nature of its "mass" –the quantum flow as opposed to the molar segmented line. The task of making the segments correspond to the quanta, of adjusting the segments to the quanta, implies hit-and-miss changes in rhythm and mode rather than any omnipotence; and something always escapes.'[4]

D&G's understanding of banking power, or what is today more expansively referred to as finance, or what a political economist might dub the power of finance capital, is that it is 'concentrated most notably in central banks', but also in other places, such as 'the World Bank…[and other] credit banks' –their power 'to regulate "as much as" possible the communication, conversion, and coadaptation of the two parts of the circuit', i.e. the molar and molecular. It's hardly a sovereign power, or what we typically think of as a 'power center'; which is why, for instance, central banks yes do regulate, they 'regulate "as much as possible"' intercourse between the molar and molecular; but they are in truth 'defined much more by what escapes them or by their impotence than by their zone of power.' Power centers of the economy, such as central banks, attempt to mediate the molar and the molecular flows, but in reality, and as we so often hear, always "*have the tiger (the mutant-molecular machine) by its tail (the molar machine)*".

Molar Machines, Molecular Machines

Obviously some elaboration is required. A first thing to observe is that since 1980, when D&G originally published *TP*, material developments in and of finance have caused changes to its discourse, which in turn have caused changes to its terminology. Therefore it will be prudent for us to update a few financial terms used in D&G's example, to better specify both the

contemporary relevance of their ordinal concept of value, as well as its possible application towards an economy of the war machine.

So as we said we would do, let us now back out our aperture from D&G's example, in order to refocus our lens of analysis on the ontology developed in Chapter 9, whose conceptual deployment in their example we will reencounter once again –and whose terminology we will be updating at the same time.

The opening pages of Chapter 9 include a series of compelling observations about the ways in which social, political, economic phenomena are organized by modes of segmentation. As D&G put it, '[w]e are segmented all around and in every direction. The human being is a segmentary animal. Segmentarity is inherent to all the strata composing us.'[5] They proceed to outline three common modes of *social* segmentation –the binary (man-woman, adult child, etc.), the circular (the disks or coronas of house, neighborhood, city, state, etc.), and the linear (from family to school, from school to work, etc.).[6] To be clear, D&G do not here explicitly say anything by way of example about *economic* segmentation; but it is not the case that about it there is nothing to be said.

Although, as we have noted, planned economies are evident actualizations of the arborescent model of the distribution of flows, and the former are often represented as centralized through and through, D&G do not concede as meaningful any opposition between centralization and segmentation.[7] Rather, the principal differences in any manner of economic flows pivot on two different types of segmentarity –the rigid and the supple: as D&G note, 'rigid segmentarity is always expressed by the Tree' –it is macroeconomic, veridical and Euclidean; but there is also supple or fungible segmentarity, which is rhizomatic, and 'results from multiplicities of n-dimensions' –it is microeconomic, horizontal and topological.[8] These two different manners of flows are effected according to their different (abstract) machines: there is the (macroeconomic) machine of overcoding, which involves territorializations and reterritorializations of rigid segmentations; and there is the (microeconomic) machine of decoding, which involves deterritorializations of more fungible or supple segmentations.

There is still some conceptual unpacking for us to do here. However, let us be sure to proceed with caution. D&G have, to begin with, arranged an ostensible opposition between the molar and the molecular: in economic terms, this means that on the one hand, the molar is of the 'realm of representations', which in macroeconomic terms denotes (as they say) 'large scale aggregates', the rigid segments and lines, the metrics, the indexical determinates of cardinal value; and on the other hand, the molecular is a subrepresentational content that constantly leaks out of the molar, is irreducible to the molar, but then always crystallizes into and is only ever articulated, or capable of 'representation' in and by the molar. D&G define the molar as rigid, and the molecular as fungible. The molar is arborescent, while the molecular is rhizomatic. The molar is all metrics, but the molecular is nonmetrical. And on and on the elements of this ostensible binarity are delineated. However, this is precisely why we have said we must proceed here with caution. Like all ostensible binaries we encounter in the work of D&G, in truth this binary is not so much a binary, as we will see, but a differentiation –and *as* a differentiation any ostensible binary is *only ever ostensible* insofar as it's a shred of a moment in the life of the differentiation, but one that's quickly on its way to further fragmentation, further splitting, creating a new differentiation out of its prior differentiation. In short, it is a becoming.

This is certainly the case with the ostensible binary developed herein. First D&G have asserted that they do not regard as accurate or meaningful economistic distinctions made between the ostensible binary of centralization and segmentation –rather, that either segmentation already includes centralization as a subclass of itself, or (which is to say the same thing) that even centralization is always compelled to effect its own segmentations.[9] Then later, D&G will distinguish as 'two kinds of segmentation' the supple and the rigid, but then once again undercut the apparent binarity of this differentiation by asserting that not only is it not enough to oppose the centralized to the segmentary, '[n]or is it enough to oppose two kinds of segmentarity, one supple and primitive, the other modern and rigidified.' For as D&G say, '[t]here is indeed a distinction between the two, but they are inseparable, they overlap, they are entangled'[10] (This is, properly speaking, both a re- and a de-differentiation –the supple and the rigid are ontologically distinct, but in actuality always entangled). The key thesis of Chapter 9 then follows (and our reader here will observe yet another, new ostensible binary-to-be-introduced-but-then-undercut-and-revealed-as-a-differentiation):

'Every [economy], and every individual, are thus plied by both segmentarities simultaneously: one molar, the other molecular. If they are distinct, it is because they do not have the same terms or the same nature or even the same type of multiplicity. If they are inseparable, it is because they coexist and cross over into each other… [T]here is a double reciprocal dependency between them.'[11]

Given their immediate concern with social segmentation, D&G invoke as an example the case of an individual. They say: 'Take aggregates of the perception or feeling type: their molar organization, their rigid segmentarity does not preclude the existence of an entire world of unconscious micropercepts, unconscious affects, fine segmentations that grasp or experience different things, are distributed and operate differently.'[12] And so too in economics, when it comes to the distribution of flows, '[t]here is a micro[economics] of perception, affection, conversation, and so forth. If we consider the great binary aggregates [of macroeconomics, e.g. goods and services, investment spending, consumption, savings, and so on] it is evident that they also cross over into molecular assemblages of a different nature, and that there is a double reciprocal dependency between them.'[13]

However, no sooner have D&G itemized this ostensible binary between the molar and the molecular, does it then reveal itself, retroactively, to have all along been a latent differentiation among three different kinds of lines –rigid lines, supple lines, and *now*

several lines of flight. So now we see that (i) there are rigid lines: these denote the fixed and Euclidean binary, circular, and linear segmentations that characterize molar segmentations, the general and generalizing metrics, the codes and overcodings of macroeconomic representation (about which we will say more below). Then (ii) there are supple lines: these denote the 'interlaced codes' that still constitute segmentation, albeit now microeconomic segmentation –and while still segmented in and as binaries, circles, and linearities (the three common modes of segmentation), they're marked by more fungibility or pliability, i.e. they are comparatively more plastic in their mode of composition (of the actual), which is only to say that while their mode of segmentation is more fungible, the outcome is always just as segmented: here it's as if non-Euclidean motions are merely used to transform Euclidean objects into their images. So then what was once a simple ostensible binarity between the molar on the one hand, and the molecular on the other hand, has now split or differentiated into the molar on the one hand, which has three common modes of rigid segmentation (binary, circular, linear), and now two different modes of the molecular on the other *hands*, which on the new one hand has three supple modes of segmentation (binary, circular, linear), and on the new other hand has a dynamic set of lines, but which are immune to representation, as such. So on this new other hand, in addition to (ii), D&G now posit that (iii) there are also *several lines of flight*: while the rigid and the supple comprise two dissimilar modalities for the composition of lines and segmentations, two dissimilar manners of coding economic phenomena, and therefore comprise different modes of economic territorialization, by contrast the several lines of flight, as D&G put it, are 'marked by quanta and defined by decoding and deterritorialization' –*and*, it is absolutely important for us to note, as D&G wish underscore (by italicizing the text, as if now raising their voices to be heard): 'there is always something like a *war machine* functioning along these lines.'[14] However, again, as they observe, the problem is –which in truth is an empirical problematic posed by the ontology of economics, and about which D&G are alerting us, enjoining their reader in Chapter 9 to think with them as a methodological challenge to overcome: 'the three lines do not only coexist [in any given economic phenomena, or aggregate set of economic objects], but transform themselves into one another, cross-over into one another.'[15] Therefore, D&G now assert:

'In view of this, it would be better to talk about simultaneous states of the abstract Machine. There is…an *abstract machine of overcoding*: it defines a rigid segmentarity, a macrosegmentarity, because it produces or rather reproduces segments, opposing them two by two, making all the centers resonate, and laying out a divisible, homogeneous space striated in all directions.'

The machine of overcoding is molar and macroeconomic, or rather actualizes as the representations of 'economic macrosegmentarity' –and as such, it is 'linked' to the State but is not precisely 'equated' with the State itself, insofar as the State is defined by D&G as merely the set of the assemblages that 'effectuate' the overcoding machine.[16]

But then at the 'other pole' of reality:

'[T]here is an *abstract machine of mutation*, which operates by decoding and deterritorialization. It is what draws the lines of flight: it steers the quantum flows, assures the connection-creation of flows, and emits new quanta. It itself is in a state of flight, and erects war machines on its lines.'[17]

The machine of mutation is nonmetricized, nonmetricizing, and nonmetrical, it has no segmentations, no fixed Euclidean lines, no codes or coding capacities, and for all purpose is unactualized albeit very real. It is nomadic, not sedentary, it is topologically-distributive, but only ever representable in and as the molecularized segmented lines of microeconomics, or rather 'economic microsegmentarity'.

What then is the relation between these two machines –in addition to the fact that they are often both simultaneously operative in the self-same phenomena? D&G note that the inter-physics of these machines is such that the 'molar or rigid segments always seal, plug, block the lines of flight', whereas the machine of mutation always produces its lines of flight 'between the rigid segments and in another, submolecular direction.' But that between these two poles, 'there is also a whole realm of properly molecular negotiation, translation, and transduction in which at times molar lines are already undermined by fissures and cracks, and at other times lines of flight are already drawn toward black holes, flow connections are already replaced by limitative conjunctions, and quanta emissions are already converted into center-points.' Moreover, and crucially for D&G, '[a]ll of this happens at the same time':[18] in the economic sphere, lines of flight continually connect and unconnect, and then reconnect at some point sometime later; such lines of flight may 'whip particle-signs out of black holes', but then also 'retreat into the swirl' of their own self-made 'micro-black holes or molecular conjunctions that interrupt them'; or they may effectuate a decoding, but then immediately 'enter overcoded, concentrized, binarized, stable segments arrayed around a central black hole.'[19]

Ok, good. So the reader really does get a clear sense here of the fact that D&G are moving towards –and enjoining with us to think with them– a wholesale inauguration of a new heterodox method for doing economics, and now under the auspices of the conceptual resources endemic to dynamical systems theory. But the question that arises here is a question one will wish to ask of any self-proclaimed economic method: namely, given these aforementioned assertions, what are the causal determinates of –or if not determinates then at least relevant factors associated with– the abovementioned economic phenomena? For example, in the case of D&G's economics, if the flows from the mutant molecular machine leak out of the cracks in the molar, but if the molar can in turn limit, block, or reterritorialize such flows; if lines of flight whip particle-signs out of nothingness, but then such particle-signs can dissipate and return to nothingness, endure recoding, effectuate another decoding, or even morph into further deterritorializations; in short, the question is: *how or under what conditions does all this occur?* Is it complete stochastization (which D&G have given us no reason to believe)? Or is it partially-deterministic and partially-stochastic (which D&G have also not

said)? Or is it fully-deterministic (which, based on our understanding of dynamical systems theory, intuitively sounds wrong, and which D&G have also not given us reason to believe), and if so then of what brand of determinism (mechanical, efficient cause, formal cause, etc.)?

The short answer –which is Deleuze's informed dynamical systems-theoretic reply to this question –issued ahead of time, first given in the opening chapter of his book on *Bergsonism*, then more fully in *Difference and Repetition*, and now in *TP* in abbreviated form– is that these are poorly-formulated questions, insofar as stochastization and determinism cohabit each other (this is already shown in Bénard cells, the most elementary exposition of a nonlinear system).

However, we must give our reader a more complete reply below. For this reason let us now revisit our consideration of D&G's example, which will be followed by, in Part III, an exposition of (a) the dynamical systems theoretic conceptual resources deployed herein, followed by (b) D&G's proposition of applying this ordinal concept of value for the purposes of an economy of the war machine.

Example (part II of II)

By now we well know there are qualitatively different modalities of economic flows. And we have observed that *every economy* is simultaneously 'plied' by two modes of segmentarity: 'one molar, the other molecular'. We know that the molar is macroeconomic – rigid, veridical, Euclidean, arborescent. The molecular is microeconomic –fungible, horizontal, topological, rhizomatic. And that there is a 'double reciprocal dependency between them':[20] D&G observe that as a rule, the stronger the molar organization of an economy, the more it tends to reproduce 'a molecularization of its own elements, relations, and elementary apparatuses.'[21] For as they say, 'when the machine becomes planetary or cosmic, there is an increasing tendency for assemblages to miniaturize, to become micro-assemblages.' And yet it's also true that 'molecular movements do not [only] complement but rather thwart and break through [the molar]: 'it is as if a line of flight, perhaps only a trickle to begin with, leaked between the segments, escaping their centralization, eluding their totalization…. There is always something that flows or flees…'[22]

For this reason, D&G say:

'[T]he words "line" and "segment" should be reserved for molar organization, and other, more suitable words should be sought for molecular composition. And in fact, whenever we can identify a well-defined *segmented line*, we notice that it continues in another form, as a *quantum flow*. And in every instance we can locate a "power center" at the border between the two, defined not by an absolute exercise of power within its domain but by the relative adaptions and conversions it effects between the line and the flow.'

For example, D&G say (and here we're back to where we left off):

'Take a monetary flow with segments. These *segments* can be defined from several points of view, for example, from the viewpoint of a corporate budget (real wages, net profit, management salaries, interests on assets, reserves, investments, etc.).'

We have already once considered, albeit in a more elementary manner, this example of 'a monetary flow' –as in *cash flow*, *the flow of money, the distribution of money*– which is the example D&G use to illustrate their concept of ordinal value. We have also already observed that the 'points of view' from which its lines and segments 'can be defined' are those metrics recorded in an economic accounting report, when the latter attempts to account for, as in numerically-register or measure, a given value; and that these are what D&G intend to denote when invoking the terms 'lines' and 'segments' –they are the stratified, striated metrics of the flow of money. So let us now more fully examine the contemporary relevance of this 'point of view'.

One might have earlier asked, what exactly are D&G intending to denote when using this term "flow" in their example? What exactly is a *flow*? But this is precisely D&G's point. For there are always two ways to answer this question: (i) The first is from the 'point of view' of its segments and lines, i.e. the determinative metrics of cardinal value: whether it's the price of wages, net savings, net profits, rates of interest, capital and reserves requirements, investment spending, consumption, and so on; this approach is the common realist approach to representing value –cardinal value. It's worth observing that while financial discourse and its terminology has altered somewhat since D&G first provided this example (in the 1980s), if we update its terminology we quickly see that and how this 'point of view' of a flow is vindicated. How so? Let us consider in more depth the overcoded flows represented by methods of economic accounting.

Economic accounting denotes a macroeconomic system of accounting whose reports record the segments and lines of the aggregate flow of money. The two most prevalent economic accounting methods in the United States are The National Income and Product Accounts (NIPAs) and the Flow of Funds Accounts. NIPAs are produced quarterly by the U.S. Commerce Department. They record the broadest macrosegmented economic data: all major macroeconomic metrics are represented –e.g. income flows, production of goods and services, investment spending, consumer spending, and above all and especially what is ostensibly the broadest metric of total market value of all goods and services produced within the geographical boundary of the United States, namely gross domestic product (GDP). What is total national cardinal value for any given quarter (and let us note here the term "quarter" is already both a temporally-segmented linearity (i.e. 1-2-3-4 quarters) and circularity (i.e. 4 quarters comprise 1 annual year))? –the answer is always found by looking to the line-itemized GDP, broken down into its various segments in NIPA: for example, personal consumption expenditures are segmented along the *binarity* of durable-nondurable goods; again,

net exports of goods and services are also segmented along the *binarity* of imports-exports; government consumption expenditures and gross investment are segmented along the concentric *circles* of local-state-federal; and gross private domestic investment is segmented along a *linear* set of changes to fixed investment relative to changes in private inventories.[23] NIPAs, however, while providing rigidly segmented data, otherwise unacccount for very few metrics on financial transactions, the latter of which are considerably more supple in their mode of segmentation. To correct this myopia, the Flow of Funds Accounts is published quarterly by the Federal Reserve. The Flow of Funds method of economic representation first segments the economy into a series of nonconcentric circles qua sectors: Households, Commercial Banks, Noncommercial Banks, Governments, Farm Businesses, Nonfarm Businesses, Monetary Authorities, other International transactors, and so on. Then a line-itemized balance sheet is constructed for each sector as a series of cardinal value *binarities* –for example, assets-liabilities (which represent current net worth), financial-nonfinancial assets, lenders-borrowers, funds raised through debt-equity, and so on. Each Flow of Funds statement also records *linear* changes to the distribution or flow of funds – for example, changes in holdings of financial assets and liabilities, changes in net worth, etc.[24]

For this reason economic accounting reports such as the NIPAs and Flow of Funds Accounts are considered indispensable sources for representing what D&G call 'the well-defined segmented lines' comprising the metricized distribution of monetary flows. However, limitations on the ability of this 'point of view' to capture those aspects of flows that do not lend themselves to such lines and segments are profound. We have already observed that NIPAs are widely-regarded as inept for failing to account for financial transactions, the latter of which always appear so contingent and fungible, but are also so determinative of the direction, amount, and velocity of monetary flows that NIPAs precisely seek to represent. The Flow of Funds Accounts attempts to correct this representational shortcoming, but in turn has its own limitations. For example, The Flow of Funds Account does not record intra-sectorial flows of funds, which means it fails to represent, or metricize, those differences in flows falling *within* –and therefore *outside*– its own segmentations. More importantly, it also does not capture any of the dynamics of intertemporal financial becomings: only those net flows occurring from one and to another discrete time period are represented by the metrics of the Flow of Funds Account, but never those changes occurring between two discrete time periods. And especially and above all, D&G emphasize that the overcoded molar organizations of monetary flows represented by economic accounting methods fail to grasp the quanta determinative of the microphysics of flows. For this reason, after D&G observe that:

'a monetary flow with segments…can be defined from several points of view, for example, from the viewpoint of [economic accounting]';

they then wager that one can also observe a flow distributing itself in 'another form' and at the same time. As D&G put it:

'whenever we can identify a well-defined *segmented line*, we notice that it continues in another form, as a *quantum flow*.'[25]

What is this quantum flow, in their example?

'[It is] the flow of financing-money, which has not segments, but rather *poles*, *singularities*, and *quanta* (the poles of the flow are the creation of money and its destruction; the singularities are nominal liquid assets; the quanta are inflation, deflation, and stagflation, etc.).'

The quantum flow is subjacent to the flow whose metrics are the elements of cardinal value. It is:

'[a] "mutant convulsive, creative and circulatory flow" tied to desire and always subjacent to the solid *line* and its *segments* determining interest rates and supply and demand.'[26]

Simply put: the determinative metrics of cardinal value + this 'mutant, convulsive, creative circulatory flow tied to desire and always subjacent' to the former are, for D&G, what ordinal value *is*. And so if the answer to the question of "*what exactly is a monetary flow?*" for D&G has two answers; and if the first answer is (i) from the 'point of view' of economic accounting, the segments and lines of molar organization, which in turn represent the determinative metrics of cardinal value; then (ii) this other 'point of view' are the flows of what D&G (in the 1908s) label 'financing-money', but which we will today better understand to be the flows of finance, or *financial flows*. This aspect of monetary flows is neither indexed nor indexable by the metrics of economic accounting, it doesn't effectuate itself in and through segments and lines, but rather always operates between poles, around singularities, and through quanta –and for this reason, D&G say, it is 'tied to desire and always subjacent to' the molar determinates of cardinal value. This second aspect of flow is difficult to represent, it resists metricization, and yet there it is.

To better understand the mutant molecular machine, whose lines of flight are generative of financial flows, let's consider the meaning, relations, and meaning of the relations among its terms: *financial flows, desire, singularities, poles* and *quanta*.

Financial Flows. First, that D&G posit as the elements specific to financial flows *poles*, *singularities*, and *quanta* –this is to denote that poles are the creation and destruction of money involved in every act of exchange; singularities are nominal liquid assets, but which is probably more accurately today simply labeled 'liquidity' –i.e. the liquidity that is the requisite condition of possibility for every act of exchange (we will treat this notion below); and quanta are the becomings of inflation, deflation, disinflation, stagflation, and the like. Second, D&G assert that financial flows are all about belief and desire. Indeed, if financial flows comprise the 'mutant', 'convulsive' and 'creative' flows that are immune to any metricization by economic accounting, it is not so much because such flows are unquantifiable as that because such flows are irreducibly a matter of beliefs and desires, the methods

used by economic accounting are therefore inept at capturing such dynamics. However, when D&G stress that from the 'point of view' of financial flows, the 'two aspects of every assemblage' are belief and desire,[27] they do not intend to imply an individuated content solely confined-in and the isolable-to the "heads" of economic actors. For as they note, 'in the end, the difference is not between the social and individual…but between the molar realm of representations, individual or collective, and the molecular realm of beliefs and desires in which the distinction between the social and individual loses all meaning since flows are neither attributable to individuals, nor overcodable by collective signifiers.'[28] This fact is key to understanding the inherent analytical limitations of economic accounting –its mode of economic representation is perfectly capable of capturing the metrics of cardinal value. And yet cardinal values always arrive both too early and too late: they are *too early* because the deterritorializing creation, destruction, and transformation of beliefs and desires are precisely those lines of flight leaking out of macroeconomic indicators; and yet they're also *too late* because the overcoding work of such macroeconomic indicators have always already reterritorialized any of their molecular movements. Indeed, this is why we observed in our Introduction, it is not so much that cardinal theories of value are completely wrong as that they are both ordinary (whereas we concern ourselves with the singular, or singularities) and partial (they're only one half of the 'double reciprocal dependency'), and therefore not general enough.

Desire. What then do D&G mean by belief and desire? If 'a flow is always of belief and of desire', and if the 'mutant' and 'convulsive' and 'creative' flows of finance are always 'tied to desire', we are already here in Chapter 9 receiving a first cue from D&G about how to move towards an economy of the war machine. First, on *belief*: D&G do not provide their own definition of belief, so we will assume its common definition –namely, the affective state that a conjecture or premise is true. And on *desire*: D&G's assertion on desire is worth quoting here in full, insofar as their wager on economic importance of desire is later deployed in the service of their practical outline for such an economy, elaborated in Chapter 12. They say:

'Desire is never separable from complex assemblages that necessarily tie into molecular levels, from microformations already shaping postures, attitudes, perceptions, expectations, semiotic systems, etc. Desire is never an undifferentiated instinctual energy, but itself results from highly developed, engineered setup rich in interactions: a whole supple segmentarity that processes molecular energies and potentially gives desire [its] determination.'[29]

We know that there is no such thing as a belief in itself –belief is always a belief in or of something. So too for D&G desire has no in itself. There is never an articulation or expression of 'pure' desire, no such pure desire exists. Rather, desire is always a desire 'for' or 'of', and the 'for' or 'of' of desire is always inseparable from a *complex of complex assemblages*, it is only ever differentiated through a 'highly developed, engineered setup' of assemblages that 'necessarily tie into molecular levels, from microformations already shaping postures, attitudes, perceptions, expectations, semiotic systems, etc.'

Singularities. If beliefs and desires are 'inseparable' from assemblages, what do D&G mean by assemblages? How do assemblages 'engineer' the amount, direction, and velocity of beliefs and desires? Any reference by D&G to assemblages should always be understood in terms of singularities, for an assemblage at its most basic is for D&G simply a 'constellation of singularities.'[30] The concept of singularity has a robust mathematico-scientific denotation, and its use by D&G should be understood in this light: singularities are concrete universals, and along with affects (viz. morphogenetic properties) are the constitutive elements of any multiplicity. Singularities are those motionless, empty, atemporal organizing centers, those arrhythmic vacant points around which the spatial patterns of timing in a complex system, such as for instance an economy, will coordinate. Singularities are, in short, what the biologist and great dynamical systems theorist Arthur Winfree has called 'the special point upon which the whole mystery turns.'[31] For this reason, and for us in our consideration of Chapter 12 (in Part IV), understanding the powerful method for arranging singularities *that is the tranching process of structured finance* is a matter of understanding the special point upon which the whole mystery of how to effect an economy of the war machine turns. That liquidity is a singularity –or what D&G in the 1980s label 'nominal liquid assets', but which we have updated as simply 'liquidity', the liquidity that is the requisite condition of possibility for every act of exchange– is both a compelling notion and yet also a mystery indeed. For any serious student of finance well knows that liquidity often appears to be a mere property of an asset: we call this 'transaction liquidity', and understand that an asset 'has' liquidity if it is readily exchanged for its image of value as money (the object has liquidity, it is a property attached to the asset). But liquidity can also appear to infuse or characterize those markets that different varieties of assets will populate: here one is now no longer speaking of an asset's liquidity, but now of 'market liquidity', and will then attribute 'liquidity' to a space of an exchange if its participants can unwind their positions quickly without excessive price deteriorations to the assets involved (note the subtle but important ontological shift from liquidity as purely an objectional property to now property of space with objectional consequences). But of course liquidity today can also just as readily denote a property ostensibly attaching itself to a borrower, what is today labeled 'funding liquidity': this involves a borrower's creditworthiness, and especially his or her or its ability to continuously finance assets at an acceptable borrowing rate, so as not to experience the conversion of illiquidity into insolvency (once again note the subtle but important ontological shift from liquidity, again not an objectional property, and now not as a property of space with objectional consequences, but as a property of a subject with objectional and spatial consequences). How then should one understand the mysterious thing called liquidity, in that it is said to adhere to an asset, market, or borrower alike –as if it were circulating around and between them, but in truth never settling finally into one or the other? D&G are replying here that if liquidity proves to be a mystery, it is also the special point upon which the whole mystery turns; it is a motionless, always vacant, organizing center around which the affects endemic to an exchange are always coordinated, and from which the elements of cardinal value are refracted out into the actual; and yet –as we will see in Part IV– it is these same elements of the cardinal that then feed back into liquidity, remaking, resituating, reshuffling it anew.

Poles and *Quanta*. Poles are the creation and destruction of money involved in every act of exchange. Why? If we simply define an exchange as the transformation of an economic object into its image of value as money, we quickly see why D&G invoke the concept of poles: on the one side of a bilateral transaction lies the liquidation of the asset for money, on the other side lies the asset purchased with liquidity, or money, which is to say that the calcification of a given amount of liquidity is the price that's paid for an asset. Every act of exchange therefore occurs between two poles: and the poles situate this dual-tiered simultaneous event between a positive charge (+), which is the creation of money, and the negative charge (-), which is the destruction of money. Quanta then: *quanta* are instantiations of inflation, deflation, disinflation, stagflation, and the like, and which operate along the poles, but only ever effectuate themselves within the relations between an asset and its image of value as money. Economic objects never "have" inflation, deflation, and so on, as if the latter were properties of an object; rather it's the relations, the spreads between different objects and their images of value as money that experience or obtain inflation, deflation, etc. Quanta are not objects, then, but the stochastic processes around which and through which objects obtain their objectivity. In this respect, inflation, etc. is like weather –it is a haeccity, a stochastization of movements that only articulate themselves *in* objects, without yet ever being reducible to such objects.

To summarize, then, we can say that quanta and flow are the stochastic processes whose dynamics take shape or coordinate around singularities, and which then refract out into lines and segments, i.e. the metrics of representation –the representations of cardinal value. Hence the thesis of ordinal value is: monetary flows emanate from the double reciprocal determination of the mutant molecular and molar machines, they each have their different ontological modalities, and they each comprise two dissimilar systems of reference, albeit they are two circuits of flows that are materially-interconnected and always flow as one. But –and this is D&G's 'but' to be developed in Chapter 12, *and given their concept of ordinal value outlined in Chapter 9– if an operator or sets of operators were to attempt to enter into or rather between these ontologically distinct but actually conflated circuits, it must be through the molecular*. This is the ontological importance of the concept of ordinal value. We illustrate its political wager in Part IV.

,

[1] Ibid pg. 213 {my emphasis}

[2] We will elaborate this point in more depth below (in Example (part II of II)). For now let us observe that "economic accounting" is the contemporary financial term (which, incidentally, was not commonly used term when D&G wrote *TP*) to denote the record keeping system of transactions of the principal segments (called "sectors") of the economy. Such records report macroeconomic and financial flows data.

[3] Ibid pg. 213 {my emphasis}

[4] *TP* pg. 217

[5] Ibid pg. 2018

[6] It is relevant to notify our reader that the three principal Euclidean geometric motions –which are rigid motions, called congruent motions– are reflection (of binary images), rotation (in circles), and translation (which is linear). Segmentations and lines are the rigid motions for organizing the distribution of social flows.

[7] 'There is no opposition between the central and the segmentary. The modern [economic] system is a global whole, unified and unifying, but is so because it implies a constellation of juxtaposed, imbricated, ordered subsystems; the analysis of decision making brings to light all kinds of compartmentalizations and partial processes that interconnect, but not without gaps and displacements' For this reason, 'the classical opposition between segmentarity and centralization hardly seems relevant. Not only does the State exercise power over the segments it sustains or permits to survive, but it possesses and imposes its own segmentarities.' Ibid pg. 210, 209-210

[8] Ibid pg. 212

[9] Ibid pg. 224

[10] Ibid pg. 213

[11] Ibid pg. 213

[12] Ibid pg. 213

[13] Ibid pg. 213

[14] Ibid pg. 222

[15] Ibid pg. 223

[16] Ibid pg. 223

[17] Ibid pg. 223

[18] Ibid pg. 223-224

[19] Ibid pg. 224

[20] Ibid pg. 213 {my emphasis}

[21] Ibid pg. 215

[22] Ibid pg. 216

[23] Peter Rose and Milton Marquis, *Money and Capital Markets: Financial Institutions and Instruments in a Global Marketplace*, Peter Rose and Milton Marquis, McGraw-Hill Irwin, 2008 pg. 80

[24] Ibid pg. 83

[25] *TP* pg. 217

[26] Ibid pg. 213 {my emphasis}

[27] Ibid pg. 219 D&G in actuality are using Gabriel Tarde's work to tease out this position, but textual content and context render it easy to attribute this notion to D&G.

[28] Ibid pg. 219

[29] Ibid pg. 215

[30] Ibid. pg. 406

[31] Arthur Winfree, *When Time Breaks Down: The Three Dimensional Dynamics of Electrochemical Waves and Cardiac Arrhythmias*, Princeton, 1987 pg. 12

taken from here

Foto: Bernhard Weber

META
CONTACT
FORCE–INC/MILLE PLATEAUX

IMPRESSUM
DATENSCHUTZERKLÄRUNG

TAXONOMY
CATEGORIES
TAGS
AUTHORS
ALL INPUT

SOCIAL
FACEBOOK
INSTAGRAM
TWITTER